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June 22, 2005

Maryam Ebke, Acting Director, Division of Strategic Planning  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

Thom Kelly, Assistant Executive Director  
California Energy Commission  
1516 Ninth Street  
Sacramento, California 95814

**Re: Comments Of The Internal Services Department Of The County Of Los Angeles On The June 8, 2005 Draft Energy Action Plan II**

Dear Ms. Ebke and Mr. Thom,

As directed in the June 15, 2005 Agenda for the Joint Agency Energy Action Plan Meeting, the Internal Services Department of the County of Los Angeles ("County") submits these comments on the June 8, 2005 Draft Energy Action Plan II ("Plan"). The County supports most aspects of the draft Plan, and applauds the California Energy Commission ("CEC"), the California Public Utilities Commission ("CPUC"), and other State agencies and the Administration for providing leadership on energy and environmental issues, and for the many achievements to date recorded in the draft Plan. The County offers limited comments on how local governments can help the State continue to make progress in these areas as it develops this next version of the Plan.

## **I. Goals and Methods Are Worthwhile**

The County concurs with the draft Plan's continued emphasis on the "loading order" adopted and implemented in the first Energy Action Plan: (1) energy efficiency and demand response, (2) renewables, and (3) clean fossil-fired generation. The draft Plan discusses in several places the need to provide compelling, transparent, open information to all stakeholders and consumers. This goal is key to achieving the ambitious goals outlined in the draft Plan. The County concurs with the concept of partnering with private industry (p. 7), and encourages the CEC and CPUC to think more broadly about potential partners, including local governments and the non-profit sector as valuable allies. Furthermore, while partnering is discussed in the section on Electricity Market Structure, the CEC and CPUC should work with partners (including local governments) in all of the areas discussed in the draft Plan.

## **II. Local Governments Provide Avenues for Outreach and Potential for Energy Efficiency Gains**

Appendix A to the draft Plan appears to state (at page 2) that the goal of increased "local government conservation and energy efficiency programs" has been achieved. While great

progress has been made in this area, the potential for increased local government conservation and energy efficiency programs remains largely untapped. Local governments and public agencies should not be so easily dismissed as a market sector where the work is done.

The County, as part of its 2004-2005 energy efficiency partnership with Southern California Edison and Southern California Gas, has been conducting a study of whether public agencies in the Los Angeles area are taking advantage of energy efficiency opportunities, why they are or are not, and whether there is opportunity for public agencies to collaborate on energy efficiency programs. The preliminary results of this study were presented at a workshop in April, at which CEC Chair Desmond, CEC Commissioner Pfannenstiel, and CPUC Commissioner Grueneich spoke. The study will report that there is great potential for public agencies to do much more on energy efficiency.<sup>1</sup>

The County is taking a leadership role in organizing public agencies to participate in the 2006-2008 energy efficiency programs, where the advantages of the County's existing staff of energy resources (and those of other public agencies) can be leveraged to assist agencies that have neither the time nor resources to pursue opportunities. The County also is helping develop a network for public agency energy staff in the Los Angeles area, for informal exchange of information about technologies, procedural issues, etc. As the State implements the Plan, it should identify other local governments throughout the State with sophisticated energy management capability to provide outreach and information to other public agencies. The County would be happy to share its experiences with the CEC and CPUC, and provide input on how best to utilize existing public agency expertise. This will help achieve the goals outlined in the Governor's Green Buildings Initiative.

### **III. The CPUC Should Establish Renewables Goals—Not Rules—for Community Choice Aggregators**

Appendix A to the draft Plan appears to state (at page 3) that the goal of developing renewable portfolio standard ("RPS") compliance rules for community choice aggregators has been achieved, and that the CPUC's "framework" and "implementation" decisions are expected in a few months. As the CPUC has not even issued a draft decision on this issue, the draft Plan's characterization of the content and focus of the forthcoming decisions is either amazingly prescient, or simply wrong.

The County is exploring the feasibility of community choice aggregation ("CCA"), and is participating in the CPUC's ongoing CCA rulemaking (R.03-10-003). The County is generally supportive of the development and enhancement of local renewable energy resources. However, the County firmly believes that local participation in a renewable program is a matter of local authority, and should be implemented and enforced by a community choice aggregator's local governing board, not the CPUC.

As the County has argued in the renewable portfolio standard ("RPS") proceeding (R.04-04-026), the CPUC does not have the statutory authority to impose an RPS on community choice

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<sup>1</sup> The final study will be available in the coming months.

aggregators. Furthermore, any attempt to force an RPS upon potential community choice aggregators will undermine the CCA program before it is even approved by the CPUC. However, the County looks forward to working with the CPUC in the development of appropriate *guidance* for community choice aggregators that considers the incentives, history, and accountability of local governments. The Commission's guidance should also foster consumer choice and the rapid deployment of creative environmental solutions. In the meantime, the Plan should be revised to simply note that the development of the RPS guidance—not rules—for community choice aggregators is "In Progress."

#### **IV. Core/Non-Core Market Structure**

The draft Plan lists as a key action the development of rules for an effective core/non-core retail market structure (p. 7). The County, as one of the largest retail consumers in the State, supports a customer choice marketplace, provided appropriate market safeguards are in place, as well as protections for cost shifting, supply reliability, and achievement of RPS goals.

#### **V. The Plan Correctly Integrates Transportation Into the Discussion of the State's Energy Policy**

The draft Plan correctly recognizes the role of transportation fuels in a State energy policy, something that is extremely important on many fronts, particularly slowing the rate of climate change. The County is pleased that the draft Plan will work with local governments and regional planning organizations on opportunities to reduce transportation energy consumption (p. 10). As the CEC and the CPUC embark on this action, they should be aware that the State will be leading by example by integrating the planning and decision making processes in the energy and transportation sectors, two areas that often operate independently from one another. In many local governments and private companies, the staff that work on transportation and fleet issues do not coordinate on a regular basis with the energy staff (if there are dedicated energy staff). Encouraging collaboration on energy and transportation may require a culture shift in some organizations, and the CEC and CPUC should be prepared to provide guidance and education as they reach out to various market sectors on this issue.

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## **VI. Conclusion**

The draft Plan is an ambitious and balanced document. The CEC and CPUC should include in the final Plan an explicit recognition of the opportunities for local governments to assist the State in implementing the Plan and achieving the goals outlined therein.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jody S. London".

Jody S. London

**For** the Internal Services Department of the County  
of Los Angeles

Cc: Howard Choy, County of Los Angeles  
Lillian Salinger, County of Los Angeles  
Randall Keen, Manatt, Phelps, Philips  
David Huard, Manatt, Phelps, Philips